

While boat ownership can be fun and exciting, it involves some responsibilities. The departments of Licensing and Revenue have combined efforts to provide a simplified explanation of the title, registration and tax responsibilities of boat owners.

TITLE AND REGISTRATION

The Department of Licensing oversees the titling and registration of boats. Most boats must be titled and registered, with the exception of boats less than 16 feet in length and motorized by 10 horsepower or less.

You may register your boat at your local county auditor’s office or with a vehicle licensing agency. You must have the vessel’s hull number; signatures of all owners with the exception of lien holder(s); and proof of ownership, such as the Manufacturer’s Certificate of Origin, Carpenter’s Certificate, Manufacturer’s Invoice or original Certificate of Title. If taxes have already been paid on the vessel, you must show proper documentation to receive a tax credit.

Registration Requirements for Nonresidents
A nonresident may use their “properly registered” vessel in Washington for 60 days or less without the need to register or pay use tax. A properly registered vessel is one that:

- ◆ has been registered or numbered under the laws of a country other than the United States;
- ◆ has a valid United States customs service cruising license; or
- ◆ has been issued a valid number under federal law or by an approved issuing authority from the vessel’s state of principal operation.

After the 60th day, the vessel becomes subject to Washington’s registration requirements. Upon registration, use tax will be collected based on the vessel’s current value. The following is the exception to this requirement:

If a **nonresident individual** obtains an identification document from the Department of Licensing before the 61st day of use in this state, the vessel may be used for a period not to exceed six months in any consecutive 12

month period without the need to register and pay use tax. (RCW 88.02.030) This extended period of use is not allowed for vessels owned by nonresident entities (partnerships, corporations, limited liability companies, etc.)

NOTE: Vessels purchased in Washington by nonresidents must be removed within 45 days of purchase. Once removed from Washington waters, the vessel may return for the remainder of the allowed nonresident use period described above.

Registration Process
The registration year for vessels registered in Washington begins July 1 and runs through June 30. When you register your vessel with the Department of Licensing, you may request the continued use of your Coast Guard registration number.

- Boat registration fees include:
- ◆ One-time only titling fee (only when applying for certificate of ownership);
 - ◆ An annual registration fee; and
 - ◆ Applicable filing fee.

If the most recent purchase price of your boat is unknown, or if your boat is homemade or has been acquired by trade, lease or gift, you will be asked to complete a declaration of value. That declared value may be reviewed by the Department of Revenue.

- All boat owners must notify the Department of Licensing within 15 days of the following:
- ◆ Owner’s change of address;
 - ◆ Destruction, loss, abandonment, theft, or recovery of the boat; and
 - ◆ Loss or destruction of a valid certificate or registration.

When a vessel is sold, you must notify the Department of Licensing of the following within five working days of the date of sale:

- ◆ The name and address of the owner and transferee.
- ◆ The vessel’s registration number (WN) and/or hull identification number (HIN).

Renewal reminder notices are generally mailed in April. If you do not receive a renewal notice, contact your local county auditor or licensing agent.

WATERCRAFT EXCISE TAX

The Department of Licensing administers the watercraft excise tax. In general, this tax applies to all registered boats that are 16 feet or longer or equipped with a motor capacity of more than 10 horsepower. For more information, you may contact the Department of Licensing at (360) 902-3725.

- Vessels that are exempt from the watercraft excise tax are those:
- ◆ Used exclusively for commercial fishing purposes.
 - ◆ Less than 16 feet in overall length and not used on federally regulated waters.
 - ◆ Owned and held for sale by a dealer.
 - ◆ Owned by certain nonprofit youth organizations.

Excise tax is calculated at one-half of one percent of the fair market value of your boat.

PERSONAL PROPERTY TAX

Generally, boats exempt from the watercraft excise tax are, instead, subject to the personal property tax. You must list your vessel with the Special Programs Division of the Department of Revenue at (360) 570-3248. Certain qualifying vessels are taxed only for the time they are in Washington. In January of each year, the Department sends a Watercraft Personal Property Notice of Value to each vessel owner showing the market value and asking each owner to report how many days the vessel was in the state the previous year. In March, the property tax statement is mailed to each taxpayer with full payment due by April 30.

SALES AND USE TAX

Most residents are familiar with sales tax collected by retailers at the time of sale. Some, however, are not aware of the use tax. Use tax applies to the use of articles within this state acquired without payment of sales tax. You owe use tax if you acquired your boat without paying sales tax. The intent is that articles

purchased for use in this state are subject to sales tax or use tax, but not both.

Sales tax is based on the selling price, while use tax is calculated on the value of the boat at the time of first use in Washington. The value subject to use tax includes any delivery charges paid to the seller of the boat.

The following are instances where a use tax credit/deduction is allowed:

- ◆ If you traded in your old boat when you purchased your present boat, the amount subject to sales or use tax is reduced by the value of the trade-in.
- ◆ If you have previously paid sales or use tax in another state, you are entitled to a credit for that amount against Washington’s use tax.
- ◆ If your boat is homemade, use tax is calculated using the fair market value. You are entitled to receive credit against the use tax for any sales tax you paid on the materials used to build the boat.

Sales tax and use tax are calculated at the same rate. The tax rates range from 7 to 8.9 percent. If you purchase your boat from a Washington retailer, sales tax is due based on the rate in effect at the retailer’s location. If you purchase your boat from an individual or from out-of-state, use tax is due based on the location the boat will be moored.

Washington retailers collect sales tax at the time of sale and pay it to the Department of Revenue. If you owe use tax, it will be collected by the county auditor or licensing agent when you register your boat. If your boat is not required to be registered, you may pay the use tax by completing a Use Tax Return. This form is available on the Department of Revenue’s web site at <http://dor.wa.gov> or by calling 1-800-647-7706.

As a general rule, sales or use tax is due unless there is a specific exemption. Exemptions are limited to the following:

- ◆ Boats owned by nonresidents and brought into this state *temporarily* for their use or enjoyment. Temporary use by nonresidents is explained in the *Registration Requirements for Nonresidents* section of this brochure.

- ◆ Boats purchased in this state by nonresidents for use outside of Washington, but only if:
 - The boat requires Coast Guard registration or registration by the state of principal use; and
 - The boat will not be used within Washington for more than 45 days, and an appropriate exemption certificate is completed at the time of sale.
- ◆ Boats purchased primarily for use in conducting interstate or foreign commerce by transporting persons or property for hire, and boats purchased primarily for use in conducting commercial deep sea fishing operations outside the territorial waters of this state. (“Primarily” means more than 50 percent of the time. If the boat is not used primarily for the exempt purpose, sales or use tax applies.)
- ◆ Boats purchased solely for the purpose of **renting/leasing or chartering at substantially fair rental value** without an operator. In this case, the lessor must collect sales tax on the lease payments from the lessee. (If the boat is leased or rented with an operator, or if the boat is provided to others at substantially less than fair rental value, the lessor owes use tax on the full value of the boat.)

BUSINESS TAX

If you use your boat for commercial activities, such as charter or commercial fishing, you are conducting taxable business activities, and you must register with the Department of Revenue. Based on the type of activity, your income may be subject to the business and occupation tax or public utility tax. In certain instances, you may be required to collect retail sales tax.

NOTICE TO BOAT DEALERS

Washington State law requires all boat dealers to register annually with the Department of Licensing and pay a fee. Contact the Dealer Division, Vehicle Services at (360) 664-6466 for more information.

FOR MORE INFORMATION

Titling and registration:
Department of Licensing
Customer Service Unit
PO Box 9042
Olympia, WA 98507-9042
(360) 902-3770, option 5

Boating safety and environmental protection programs:
Parks and Recreation Commission
Boating Program
PO Box 42654
Olympia, WA 98507-2654
(360) 586-6592

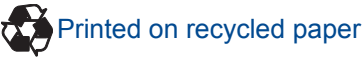
If the vessel is used primarily for **commercial purposes** and not for pleasure, contact the Department of Revenue at (360) 570-3248 for information regarding property tax obligations.

To request a Use Tax Return, register to conduct business, or ask questions about the sales or use taxes, contact any Department of Revenue field office or the Telephone Information Center at 1-800-647-7706. Teletype (TTY) users please call 1-800-451-7985.

The Department of Licensing has a policy of providing equal access to its services. If you need special accommodation, please call (360) 902-3770 or TTY (360) 664-8885.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.

Prepared by the Department of Revenue,
Taxpayer Services Division



AFFECTED VESSEL OWNERS

Check the chart to see if you have to register your boat and pay the excise or property tax.	Excise Tax Required	SAILBOATS		HUMAN POWERED (any length)	MOTORIZED VESSELS		DOCUMENTED VESSELS	YES**	Reg. Only
		Less than 16 feet	Without Motor		16 feet and longer	Less than 16 feet			
			With Motor			16 feet and longer			
		With Motor	Without Motor		With Motor	Without Motor			
Registration/Titling Required		NO	YES*	NO	YES	YES	NO	YES*	YES
		YES*	NO	YES	NO	YES	NO	NO	NO

Personal property tax applies to most commercial boats.
* No, if 10 horsepower or less when used only on non-federally regulated waters.
** Unless vessel qualifies for exemption.

Tax, Title and Registration of Boats

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<http://dor.wa.gov>